

VZCZCXRO4710  
PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDF RUEHIK RUEHLH RUEHLN RUEHLZ  
RUEHPW RUEHROV RUEHVK RUEHYG  
DE RUEHAH #0017/01 0041212  
ZNR UUUUU ZZH  
P 041212Z JAN 08  
FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 9999  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUCNCIS/CIS COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 3200  
RUEHBJ/AMEMBASSY BEIJING 1015  
RUEHKO/AMEMBASSY TOKYO 0889  
RUEHIT/AMCONSUL ISTANBUL 1463  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEHNSC/NSC WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHMFIUU/CDR USCENCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUEKJCS/SECDEF WASHINGTON DC  
RUEHVEN/USMISSION USOSCE 2075

UNCLAS SECTION 01 OF 02 ASHGABAT 000017

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR SCA/CEN, EEB  
AID/W FOR AA/EE

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [EFIN](#) [TX](#)

SUBJECT: TURKMENISTAN: EXCHANGE BOOTHS OPEN IN BANKS;  
UNOFFICIAL EXCHANGE POINTS CLOSED

REF: 07 ASHGABAT 1403

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: True to the president's word, all unofficial currency exchange outlets shut down on January 2. While the Central Bank Chairman promised a sufficient supply of dollars to the public, according to anecdotal evidence, this is already not the case. The government also stated that new measures aimed at slowly unifying the rate would keep living costs affordable, but this also does not appear to be true. This cable includes first impressions of the impact of the official bank exchange booths, and we will continue to monitor the situation. END SUMMARY.

"UNOFFICIAL" RATE NOW CALLED "COMMERCIAL" RATE

13. (U) President Berdimuhamedov announced on December 27 in the decree "On Issues of Improving Turkmenistan's Foreign Currency Operations" that the government of Turkmenistan would open 105 exchange offices in banks throughout the country on January 2 (reftel). Reasons given for this decree include "orderly circulation of foreign currency in (Turkmenistan's) economy, strengthening control over it, creating favorable conditions for transition towards a unified exchange rate...as well as increasing international economic activity and attracting foreign financial investments." The Central Bank also said that this decree would ensure moderate housing, food, and imported medicine prices for the public.

UNOFFICIAL CURRENCY EXCHANGE BOOTHS CLOSED

14. (SBU) On January 2, the unofficial currency exchange houses operating near Embassy Ashgabat were closed. Police are noticeably present at bazaars and at the department store near the Embassy, places that commonly offered currency exchange at the unofficial rate. An Embassy employee noticed

that individuals still quietly engaged in currency exchange at one of the local bazaars, however, and did not witness any arrests.

NOW THE EMBASSY CAN EXCHANGE MONEY, TOO

15. (SBU) Vnesheconombank informed Embassy Ashgabat that it can convert funds for the U.S. government at the new "commercial" -- in the old vernacular, "unofficial" -- rate of 19,800 manat per dollar. For the first time, the Embassy will offer currency exchange services, and at the same rate that is available at the official exchange outlets.

"OFFICIAL" RATE STILL "OFFICIAL," BUT PURPOSE UNCLEAR

16. (U) The "official" rate is now fixed at 6,250 for \$1. However, we are still unable to identify who or which entities are obliged to use this rate, and in which circumstances. Before January 1, this rate was 5,200 manat for \$1.

PRACTICAL EXPERIENCES DIFFER FROM PRESIDENT'S PROMISES

17. (SBU) During an explanation of changes in currency exchange procedures on television on December 28, Central Bank Chairman Geldimyrat Abylov stated that enough currency to satisfy everyone's needs would be available. However, one Embassy employee heard that a cashier at a bank exchange booth told someone that he could only exchange \$20, and then told the next person that he could exchange \$50. This could be evidence that bribing at currency exchange booths may already be underway. Embassy personnel easily exchanged dollars for manat, but did not receive a receipt for the

ASHGABAT 00000017 002 OF 002

exchange.

18. (SBU) COMMENT: While we do not yet know if the closure of the unofficial booths is permanent, some locals feel that the unofficial exchange houses will remain closed if the new exchange offices operate well and satisfy everyone's needs. The system shows significant weaknesses already, so it is probably only a matter of time before a real black market emerges. Meanwhile, the changing exchange rates affect prices. On January 4, the Embassy Travel learned that Turkmenistan Airlines ticket prices are going up by 20 percent because of the change of the official exchange rate. Contrary to the Central Bank's intentions, prices for other goods and services continue to rise as well, and locals do not expect a reversal of that trend. END COMMENT.  
HOAGLAND